

Housing Around the World: Mixed-Use, Green and 15-Minute Proximity



There will always be demand for suburban and multi-generational living, but the next big boom in property may come from buy-to-rent and micro-apartments, according to forecasts from Berkadia's JV Equity & Structured Capital team. They told GlobeSt recently that they're expecting demand for these categories to go up as "Gen Z" age into the US market. This was informed by research from the National Apartment Association that found 43% of Generation Z "wants to rent single-family homes following the completion of their university education".

This is just one of many such predictions in the media at the moment, as the industry hopes to anticipate where to invest next, but is echoed by S&P's latest statement that buy-to-let property "defied gravity" in the UK throughout the pandemic.

Around the world, we see developers and commercial real estate (CRE) investors looking to translate broad themes into CRE trends, including matters like technology, climate change and urbanization – much of which comes together in smart, strategic mixed-use developments.

Supply and Demand

Britain-based e-Architect.com reports that they've "seen a sharp increase in the number of plans for mixed-use developments as a direct result of the COVID-19 pandemic". It is a risk mitigation strategy for investors, adding "when a development is solely reliant on a single tenant type, the entire building is at risk when that sector goes under".

Housing Around the World: Mixed-Use, Green and 15-Minute Proximity

The demand side – from tenants and occupiers – is also strong. Mixed-use developments put people’s homes in close proximity to other amenities, including work, retail and leisure. That then feeds into a “walkability” factor, which can mean reduced car use and ownership.

15-Minute Cities

The above feeds directly into increased interest in the kinds of real estate and city development nicknamed “15-minute cities” – which is a concept that featured highly in Paris mayor Anne Hidalgo’s 2020 re-election campaign.

The idea is one of clustering – creating a feel of many small villages within cities. Melbourne, Australia, for example, has incorporated what they call 20-minute neighborhoods into their metropolitan planning strategy, writing: “The 20-minute neighborhood is all about ‘living locally’ – giving people the ability to meet most of their daily needs within a 20-minute walk from home, with safe cycling and local transport options”.

In Madrid, this strategy is about dividing the city into “superblocks” that have everything you need, and in Scotland, Edinburgh’s “City Plan 2030 ” identifies “eight town centers as starting points” for their version of this approach to planning.

Greener Dreams

City planners and CRE investors must also consider environmental and sustainability issues. For C40 Cities – a leadership group, representing 97 cities around the world – there is a distinct and urgent need to find green solutions, including maintaining or re-establishing green spaces like parks in cities. These aren’t just lovely for residents – good for mental health and exercise – but actually function as a sustainable cooling tool for urban areas.

Savvy CRE investors and developers, then, should be looking to these trends to inform their development plans, while brokers can guide clients on suitable sites and conversion strategies.

